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## 2 INTRODUCTION TO MDCH ELECTRONIC SUBMISSION

The electronic submission system is made up of several elements. This section provides an overview of those elements and how the system works. (Note: These processes apply primarily to electronic *billing* and may not apply to all other data submissions.)

### 2.1 ELECTRONIC BILLING SYSTEM OVERVIEW

Electronic billing (also referred to as “automated billing”) is made up of two transactions: submission by an electronic submitter to the **Invoice Processing System**, and the resulting **Remittance Advice** sent to the electronic submitter. Each is described here.

#### 2.1.1 Invoice Processing System

Claims submitted by electronic file transfer are processed through the MDCH Invoice Processing (IP) System, the same system used for processing paper claims.

The IP System consists of several cycles:

- The **daily cycle** is the first set of computer programs to process all claims. The daily cycle is run four to five times each week. It performs all *intra*-claim editing (e.g., provider and recipient eligibility, procedure validity). All claims are reported out as pended, rejected, or tentatively approved.
- The **weekly cycle** is run once each week using the tentatively approved claims from the daily cycles that were run during the previous seven days. The weekly cycle includes *inter*-claim editing using an historical file of all claims paid during the previous 24 months. Inter-claim editing includes duplicate claims, procedures with frequency limitations, and the number of refills on a prescription. The Provider’s Warrant and Remittance Advice are also generated from this cycle. All claims are reported as approved for payment, rejected, or pended.
- Claims that cannot be processed against the current history file (“**aged claims**”) are held for processing against an archived file and are resolved manually. All claims are reported as approved for payment, rejected, or pended.



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**Pended claims** are reviewed by the MDCH and, after appropriate resolution, these claims are again processed through the daily and weekly cycles as if they were new claims.

All initial claims, replacement claims, and rebillings of previously rejected claims may be submitted as electronic files. The electronic submitter should refer to the appropriate provider manual, available from the MDCH (see Section 7.1), for instructions.

### 2.1.2 Remittance Advice

Once claims have been submitted and have been processed through the IP system, a paper Remittance Advice (RA) is sent to the provider and an electronic Remittance Advice file is sent to the electronic submitter. The paper Remittance Advice indicates the status of all the provider's claims received by the MDCH. The electronic RA file covers all claims submitted both on paper and electronically by the electronic submitter. **Claims rejected due to systems errors do not appear on either the paper or the electronic RA.**

The RA may be used by the electronic billing agent for different reasons:

- **Update** the provider's accounts receivable,
- **Maintain** the status of pended claims,
- **Report** to the provider commonly encountered errors that may have been a result of the provider's clerical errors, and
- **Monitor** the submitter's own system to ensure that the required editing is performed properly.

## 2.2 PARTICIPATION

Any entity capable of submitting claims on a regular basis may apply to participate in the Automated Billing Program. Such an entity may be either a provider who rendered service to a patient or an entity who is authorized to submit data on behalf of a provider.

The Automated Billing Unit maintains a public listing of currently authorized electronic submitters who participate in the MDCH Automated Billing Program. An electronic submitter may request to be included on this listing.



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**NOTES:** The MDCH does not recommend any electronic submitter or guarantee the competency of any electronic submitter on the list. Information about **all** electronic submitters can be made available to members of the public who request it, whether or not an electronic submitter chooses to be included in the public listing.

There is no maximum or minimum number of claim lines that must be sent by an electronic submitter.

**Every electronic submitter must pass a systems test under the direction of the Automated Billing Unit before being authorized to submit claims.** The purpose of this test is to verify that the electronic submitter is capable of properly encoding, assembling, and editing the claim data. (This testing procedure is explained in more detail in Section 3.)

## 2.3 ELECTRONIC SUBMITTER RESPONSIBILITIES

An electronic submitter assumes the following responsibilities to the provider and to MDCH:

- a. The electronic submitter must maintain sufficient documentation to provide a complete audit trail from the provider submitting data, to the electronic submitter, to the submission of claims for payment. This includes individual claim data, procedure coding, and pricing data if the electronic submitter maintains such information on file for the provider. This documentation must be available to the MDCH on request. The electronic submitter must make its software and hardware available for audit on request by the MDCH.
- b. The electronic submitter must be able to identify and reconstruct any claim that was paid by MDCH. **This data must be maintained for a period of six years from the date of service.**
- c. Systematic claim errors generated by the electronic submitter must be reported to the provider and the Automated Billing Unit immediately. It is the electronic submitter's responsibility to correct such errors.
- d. The electronic submitter must be able to encode all possible configurations of the claim types submitted. Such configurations include:
  - All applicable data fields,
  - Multiple service lines,

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- Remarks, and
  - Supporting claim documentation.
- e. The electronic submitter must perform certain edits (such as the Modulus Eleven Check-Digit Routine for all provider and recipient IDs, as shown in Appendix B2) on the claim data to ensure validity and mathematical correlation.
  - f. The electronic submitter is required to correct any billing errors attributed to the submitter or its system.
  - g. All beneficiary records maintained by the electronic submitter on behalf of the provider are confidential. This information is not to be divulged to unauthorized persons or agencies.
  - h. The electronic submitter must, on request by authorized agents of the state or federal government, make available for examination any record required to be maintained.
  - i. Examination of any records outside a recipient's period of eligibility, or a provider's enrollment period, requires a release statement signed by the recipient or provider, respectively.
  - j. Information regarding electronic submitters is considered available to the public.

## 2.4 AUDITS

Occasionally, a systems audit may be performed by the MDCH. The audit may be one of the following types:

- **Routine** systems test – Claim Files ready for production may be subject to a systems test similar to the initial systems test. (Section 3.2 details the initial systems test.) If the files fail this test, the electronic submitter will be notified of the problem. Electronic submitters who fail to correct a problem will have their authorization to participate revoked.
- **Examination** of all software and hardware used in preparing claims, questions to the electronic submitter's employees, and examination of all claim records may be required. The electronic submitter may also be required to process test data that is prepared by the MDCH for analysis.

**NOTE:** Systems documentation supplied by the electronic submitter, or compiled by the MDCH as a result of an on-site systems audit, is considered confidential.